

# QUARTERLY REPORT

LICENSEE  
ADDRESS

RESORTS INTERNATIONAL HOTEL, INC.  
1133 BOARDWALK  
ATLANTIC CITY, NEW JERSEY 08401

**FOR THE QUARTER ENDED MARCH 31, 2001  
TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**

NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT.....  
OFFICIAL TITLE.....  
ADDRESS.....

JOE WEIS  
VICE PRESIDENT-FINANCIAL ADMIN. & CHIEF INFORMATION OFFICER  
1133 BOARDWALK  
ATLANTIC CITY, NEW JERSEY 08401

**TRADING NAME OF LICENSEE: RESORTS ATLANTIC CITY**  
**(a wholly owned subsidiary of SUN INTERNATIONAL HOTELS LIMITED)**

**BALANCE SHEETS**  
**AS OF MARCH 31, 2001 AND 2000**  
**(UNAUDITED)**  
**(\$ IN THOUSANDS)**

Amended

5/16/01

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	<b>ASSETS</b>		
	Current Assets:		
1	Cash and Cash Equivalents .....	\$ 12,932	\$ 10,109
2	Marketable securities (Short Tm. money market at cost)..... NOTE 3.....	15,885	3,675
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2001, \$3,376; 2000, \$2,589)..... NOTE 4.....	8,454	6,736
4	Inventories.....	2,028	2,092
5	Prepaid Expenses and Other Current Assets..... NOTE 5.....	1,834	2,162
6	Total Current Assets.....	41,133	24,774
7	Investments, Advances, and Receivables..... NOTE 6.....	19,011	17,430
8	Property and Equipment - Gross..... NOTE 7.....	298,091	293,022
9	Less: Accumulated Depreciation and Amortization.....	(43,833)	(35,500)
10	Property and Equipment - Net.....	254,258	257,522
11	Other Assets..... NOTE 8.....	99,235	102,366
12	Total Assets.....	\$ 413,637	\$ 402,092
	<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
	Current Liabilities:		
13	Accounts Payable.....	\$ 6,484	\$ 2,624
14	Notes Payable.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	-	-
16	Other.....	347	471
17	Income Taxes Payable and Accrued.....	-	-
18	Other Accrued Expenses..... NOTE 9.....	17,486	15,177
19	Other Current Liabilities..... NOTE 10.....	23,521	6,693
20	Total Current Liabilities.....	47,838	24,965
	Long-Term Debt:		
21	Due to Affiliates..... NOTE 11.....	199,357	199,280
22	Other..... NOTE 12.....	79,000	73,101
23	Deferred Credits.....	35,457	35,457
24	Other Liabilities.....	-	-
25	Commitments and Contingencies..... NOTE 15.....	-	-
26	Total Liabilities.....	361,652	332,803
27	Stockholders', Partners', or Proprietor's Equity.....	51,985	69,289
28	Total Liabilities and Stockholders' Equity.....	\$ 413,637	\$ 402,092

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

**TRADING NAME OF LICENSEE: RESORTS ATLANTIC CITY**  
**(a wholly owned subsidiary of SUN INTERNATIONAL HOTELS LIMITED)**  
**STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000**  
**(UNAUDITED)**  
**(\$ IN THOUSANDS)**

Amended

5/17/01

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	<b>Revenue:</b>		
1	Casino.....	\$ 55,299	\$ 51,455
2	Rooms.....	3,083	3,551
3	Food and Beverage.....	5,386	5,966
4	Other.....	1,107	991
5	Total Revenue.....	64,875	61,963
6	Less: Promotional Allowances.....	6,051	6,150
7	Net Revenue.....	58,824	55,813
	<b>Costs and Expenses:</b>		
8	Cost of Goods and Services.....	39,426	40,471
9	Selling, General, and Administrative.....	14,388	13,453
10	Provision for Doubtful Accounts.....	446	281
11	Total Costs and Expenses.....	54,260	54,205
12	<b>Gross Operating Profit.....</b>	<b>4,564</b>	<b>1,608</b>
13	Depreciation and Amortization.....	4,286	4,457
	Charges from Affiliates Other than Interest:		
14	Management Fees..... NOTE 13.....	-	1,859
15	Other..... NOTE 13.....	-	94
16	<b>Income (Loss) from Operations.....</b>	<b>278</b>	<b>(4,802)</b>
	<b>Other Income (Expenses):</b>		
17	Interest (Expense) - Affiliates..... NOTE 13.....	(4,520)	(4,518)
18	Interest (Expense) - External.....	(1,429)	(1,437)
	Investment Alternative Tax and Related Expense,		
19	Net of Amortization of \$5 and \$5 Respectively.....	(226)	(214)
20	Nonoperating Income (Expense) - net..... NOTE 14.....	387	359
21	Total Other Income (Expenses).....	(5,788)	(5,810)
22	<b>Income (Loss) Before Income Taxes and Extraordinary Items.....</b>	<b>(5,510)</b>	<b>(10,612)</b>
23	Provision (Credit) for Income Taxes.....	-	-
24	<b>Income (Loss) Before Extraordinary Items.....</b>	<b>(5,510)</b>	<b>(10,612)</b>
25	Extraordinary Items.....	-	-
26	<b>Net Income (Loss).....</b>	<b>\$ (5,510)</b>	<b>\$ (10,612)</b>

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: RESORTS ATLANTIC CITY  
(a wholly owned subsidiary of SUN INTERNATIONAL HOTELS LIMITED)  
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED MARCH 31, 2000  
AND THE THREE MONTHS ENDED MARCH 31, 2001  
(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (Excess liabilities over assets at Aug 1990 Reorb) (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 1999.....	1,000,000	\$ 1,000		\$	\$ 123,660		\$ (44,759)	\$ 79,901
2	Net Income (Loss) - 2000.....							(22,406)	(22,406)
3	Contribution to Paid-in-Capital.....								
4	Dividends.....								
5	Prior Period Adjustments.....								
6	Adjustment due to Cancellation of Debt.....								-
7	.....								
8	.....								
9	.....								
10	Balance, December 31, 2000.....	1,000,000	1,000			123,660		(67,165)	57,495
11	Net Income (Loss) - 2001.....							(5,510)	(5,510)
12	Contribution to Paid-in -Capital.....								
13	Dividends.....								
14	Prior Period Adjustments.....								
15	.....								-
16	.....								
17	.....								
18	.....								
19	Balance, March 31, 2001.....	1,000,000	\$ 1,000		\$	\$ 123,660	\$	\$ (72,675)	\$ 51,985

The accompanying notes are an integral part of the financial statements.  
Valid comparisons cannot be made without using information contained in the notes.



**TRADING NAME OF LICENSEE: RESORTS ATLANTIC CITY**  
**(a wholly owned subsidiary of SUN INTERNATIONAL HOTELS LIMITED)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000**  
**(UNAUDITED)**  
**(\$ IN THOUSANDS)**

Page 1 of 2

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
1	Net Cash Provided (Used) by Operating Activities.....	\$ 9,193	\$ (13,385)
	<b>Cash Flows From Investing Activities:</b>		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(929)	(2,603)
5	Proceeds from Disposition of Property and Equipment.....	-	-
6	Purchase of Casino Reinvestment Obligations.....	(665)	(646)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10	Investment in Subsidiary.....	-	-
11		-	-
12	Net Cash Provided (Used) By Investing Activities.....	(1,594)	(3,249)
	<b>Cash Flows From Financing Activities:</b>		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
14	Payments to Settle Short-Term Debt.....	(234)	(557)
15	Cash Proceeds from Issuance of Long-Term Debt.....	-	-
16	Costs of Issuing Debt.....	-	-
17	Payments to Settle Long-Term Debt.....	-	-
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21	Payments for Merger Costs.....	-	-
22	Advances from (Repayment to) Parent Company and Affiliates.....	-	16,434
23	Net Cash Provided (Used) By Financing Activities.....	(234)	15,877
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	7,365	(757)
25	Cash and Cash Equivalents at Beginning of Period.....	21,453	14,541
26	Cash and Cash Equivalents at End of Period.....	\$ 28,818	\$ 13,784

	<b>Cash Paid During Year For:</b>		
27	Interest (Net of Amount Capitalized).....	\$ 8	\$ 10,935
28	Income Taxes.....	\$ -	\$ -

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Valid comparisons cannot be made without using information contained in the notes.

**TRADING NAME OF LICENSEE: RESORTS ATLANTIC CITY**  
**(a wholly owned subsidiary of SUN INTERNATIONAL HOTELS LIMITED)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2001 AND 2000**  
**(UNAUDITED)**  
**(\$ IN THOUSANDS)**

Page 2 of 2

Amended

5/16/01

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net Income .....	\$ (5,510)	\$ (10,612)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	3,486	3,671
31	Amortization of Other Assets.....	800	787
32	Amortization of Debt Discount or Premium.....	20	18
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	-	-
36	(Gain) Loss on Casino Reinvestment Obligations.....	226	214
37	(Gain) Loss from Other Investment Activities.....		
	Net (Increase) Decrease in Receivables and Patrons'.....		
38	Checks .....	688	(216)
39	Net (Increase) Decrease in Inventories.....	(22)	399
40	Net Decrease (Increase) in Other Current Assets.....	100	(145)
41	Net Decrease (Increase) in Other Assets.....	85	(60)
42	Net Increase (Decrease) in Accounts Payable.....	2,039	(2,770)
	Net (Decrease) Increase in Other Current Liabilities		
43	Excluding Debt.....	7,281	(4,671)
	Net Decrease in Other Noncurrent Liabilities		
44	Excluding Debt.....	-	-
45	Recapitalization Costs.....	-	-
46	Write-Off of Goodwill.....		
47	<b>Net Cash Provided (Used) By Operating Activities.....</b>	<b>\$ 9,193</b>	<b>\$ (13,385)</b>

**RE OF CASH FLOW INFORMATION**

	<b>Acquisition of Property and Equipment:</b>		
48	Additions to Property and Equipment.....	\$ 929	\$ 2,676
49	Less: Capital Lease Obligations incurred.....	-	(73)
50	<b>Cash Outflows for Property and Equipment.....</b>	<b>\$ 929</b>	<b>\$ 2,603</b>
	<b>Acquisition of Business Entities:</b>		
51	Property and Equipment Acquired.....	\$	\$
52	Goodwill Acquired.....		
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	<b>Cash Outflows to Acquire Business Entities.....</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Stock Issued or Capital Contributions:</b>		
57	Total Issuances of Stock or Capital Contributions.....	\$	\$
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	<b>Cash Proceeds from Issuing Stock or Capital Contributions.....</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of the financial statements.  
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TRADING NAME OF LICENSEE: RESORTS ATLANTIC CITY  
(a wholly owned subsidiary of SUN INTERNATIONAL HOTELS LIMITED)

## SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED MARCH 31, 2001

Amended

5/1/02

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (in thousands) (d)	Number of Recipients (e)	Dollar Amount (in thousands) (f)
1	Rooms	31,591	\$ 2,369	102	\$ 14
2	Food	119,478	2,748	117	6
3	Beverage	120,767	604	4	1
4	Travel			7,061	790
5	Bus Program Cash		.	176,564	3,178
6	Other Cash Complimentaries			109,031	4,328
7	Entertainment	8,524	298	316	30
8	Retail & Non-Cash Gifts		-	1,278	166
9	Parking				
10	Other	557	32	30,274	304
11	Total	280,917	\$ 6,051	324,747	\$ 8,817



**RESORTS INTERNATIONAL HOTEL, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - MERGER AND BASIS OF ACCOUNTING**

Resorts International Hotel, Inc. ("RIH") owns and operates Resorts Atlantic City, a casino/hotel complex located in Atlantic City, New Jersey. During the period covered by this statement, RIH was a wholly owned subsidiary of GGRI, Inc. ("GGRI"), which is a wholly owned subsidiary of Sun International North America, Inc. ("SINA"). SINA is a wholly owned subsidiary of Sun International Hotels Limited ("SIHL").

On October 30, 2000, the outstanding capital stock of RIH, New Pier Company Inc., which owns the rights to develop a pier adjacent to Resorts Casino Hotel, and certain assets in Atlantic City owned by SINA were sold to an affiliate of Colony Capital LLC ("Colony") for a purchase price of \$140 million, such purchase price to accrue interest at an annual rate of 6% during the period from September 30, 2000 until closing. In addition, Colony has a two-year option to acquire the undeveloped real estate adjacent to Resorts Atlantic City for a purchase price of \$40 million (the "Option Agreement") that can be extended for an additional two years under certain circumstances. The parties closed the transaction on April 25, 2001.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Accounting Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

RIH records as revenue the win from gaming activities, which represents the difference between amounts, wagered and amounts won by patrons. Revenues from hotel and related services and from theater ticket sales are recognized at the time the related service is performed.

Cash Equivalents

RIH considers all of its short-term money market securities purchased with original maturities of three months or less to be cash equivalents. The carrying value of cash equivalents approximates fair value due to the short-term maturity of these instruments.

Inventories

Inventories of provisions, supplies and spare parts are carried at the lower of cost (first-in, first out) or market.

### Property and Equipment

For the periods presented herein, property and equipment have been depreciated over their estimated useful lives reported below using the straight-line method for financial reporting purposes.

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Land improvements	14 years
Building and building improvements	40 years
Furniture, fixtures and equipment	2 - 5 years

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### Casino Reinvestment Development Authority ("CRDA") Obligations

Under the New Jersey Casino Control Act ("Casino Control Act"), RIH is obligated to purchase CRDA bonds, which will bear a below-market interest rate, or make an alternative qualifying investment. RIH charges to expense an estimated discount related to CRDA investment obligations as of the date the obligation arises based on fair market interest rates of similar quality bonds in existence as of that date. On the date RIH actually purchases the CRDA bond, the estimated discount previously recorded is adjusted to reflect the actual terms of the bonds issued and the then existing fair market interest rate for similar quality bonds.

The discount on CRDA bonds purchased is amortized to interest income over the life of the bonds using the effective interest rate method.

### Income Taxes

RIH and SINA's other domestic subsidiaries file consolidated federal income tax returns with SINA.

RIH accounts for income taxes under the liability method prescribed by Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes." Under this method, the deferred tax liability is determined based on the difference between the financial reporting and tax bases of assets and liabilities and enacted tax rates which will be in effect for the years in which the differences are expected to reverse. A valuation allowance is recognized based on estimates of the likelihood that some portion or all of the deferred tax asset will not be realized. Note 16 gives components of RIH's deferred tax liability. Although RIH is a member of a consolidated group for federal income tax purposes, RIH calculates its income tax provision on a separate return basis for financial reporting purposes.

Certain indentures described in Note 11 provide for a tax sharing agreement between RIH and SINA which limits RIH's tax payments to SINA to reimbursements of cash payments made by SINA for income or alternative minimum taxes arising from the earnings or operations of RIH.

### **NOTE 3 - CASH EQUIVALENTS**

RIH's cash equivalents at March 31, 2001 included reverse repurchase agreements (federal government securities purchased under agreements to resell those securities) of \$15.9 million, which matured during the first week of April 2001.

**NOTE 4 - RECEIVABLES**

Components of receivables at March 31 were as follows:

(In Thousands of Dollars)	2001	2000
Gaming	\$ 9,641	\$ 7,343
Less Allowance for doubtful accounts	(3,292)	(2,582)
	<u>6,349</u>	<u>4,761</u>
Non-Gaming		
Hotel and related	427	380
Other	1,762	1,602
	<u>2,189</u>	<u>1,982</u>
Less Allowance for doubtful accounts	(84)	(7)
	<u>2,105</u>	<u>1,975</u>
	<u>\$ 8,454</u>	<u>\$ 6,736</u>

**NOTE 5 - PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Components of prepaid and other current assets at March 31 were as follows:

(In Thousands of Dollars)	2001	2000
Insurance	\$ 346	\$ 553
Slot license fees	331	317
Other	1,157	1,292
	<u>\$ 1,834</u>	<u>\$ 2,162</u>

## NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

Components of investments, advances and receivables at March 31 were as follows:

(In Thousands of Dollars)	2001	2000
CRDA bonds	\$ 9,761	\$ 17,572
CRDA deposits	20,256	10,049
Valuation Allowance in CRDA bonds and deposits	(11,006)	(10,191)
	<u>\$ 19,011</u>	<u>\$ 17,430</u>

The Casino Control Act, as amended, requires a licensee to purchase bonds issued by the CRDA or make other investments authorized by the CRDA, in an amount equal to 1.25% of a licensee's gross gaming revenue, as defined.

The CRDA bonds have interest rates ranging from 3.5% to 7.0% and have repayment terms of between 20 and 50 years. RIH records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charges in 2001 and 2000 for discounts on obligations arising in those years were \$230,261 and \$218,417 respectively.

From time to time RIH has donated certain funds it has had on deposit with the CRDA in return for either relief from its obligation to purchase CRDA bonds or credits against future CRDA deposits.

## NOTE 7 - PROPERTY AND EQUIPMENT

Components of property and equipment at March 31 were as follows:

(In Thousands of Dollars)	2001	2000
Land and land rights	\$ 83,147	\$ 83,147
Land improvements	1,044	1,003
Hotels and Other buildings	170,769	165,662
Furniture, fixtures and equipment	42,699	41,488
Construction in progress	<u>432</u>	<u>1,722</u>
Property and equipment - gross	<u>298,091</u>	<u>293,022</u>
Accumulated depreciation and amortization	<u>(43,833)</u>	<u>(35,500)</u>
Property and equipment - net	<u>\$ 254,258</u>	<u>\$ 257,522</u>

**NOTE 8 - OTHER ASSETS**

Components of other assets at March 31 were as follows:

(In Thousands of Dollars)	2001	2000
Goodwill	\$ 94,431	\$ 97,072
Debt issuance costs	4,538	5,081
Other	266	213
	<u>\$ 99,235</u>	<u>\$ 102,366</u>

**NOTE 9 - OTHER ACCRUED LIABILITIES**

Components of other accrued liabilities at March 31 were as follows:

(In Thousands of Dollars)	2001	2000
Payroll	\$ 8,277	\$ 7,551
Gaming taxes and fees	2,100	1,520
Insurance	1,483	1,187
Other	5,626	4,919
	<u>\$ 17,486</u>	<u>\$ 15,177</u>

**NOTE 10 - OTHER CURRENT LIABILITIES**

Components of other current liabilities at March 31 were as follows:

(In Thousands of Dollars)	2001	2000
Interest payable	\$ 12,868	\$ 800
CRDA bond obligation	698	662
Due to affiliates	7,893	3,343
Other	2,062	1,888
	<u>\$ 23,521</u>	<u>\$ 6,693</u>

**NOTE 11 - NOTES PAYABLE TO AFFILIATE**

The components of notes payable to affiliate at March 31 were as follows:

(In Thousands of Dollars)	2001	2000
9% Senior Notes, de 2007	\$ 200,000	\$ 200,000
Unamortized discount	(643)	(720)
	<u>\$ 199,357</u>	<u>\$ 199,280</u>

## NOTE 12 - OTHER LONG-TERM DEBT

SIHL has a facility (the "Credit Facility") with a syndicate of banks led by The Bank of Nova Scotia and Societe Generale under which RIH is a borrower along with SIHL and Sun International Bahamas Limited, a wholly-owned subsidiary of SIHL. The Credit Facility allows for borrowings up to \$375.0 million. Loans under the Credit Facility bear interest at (i) the higher of (a) The Bank of Nova Scotia's base rate or (b) the Federal Funds rate, in either case plus an additional 0.750% to 1.625% based on a debt to earnings ratio during the period, as defined (the "Debt Ratio") or (ii) The Bank of Nova Scotia's reserve-adjusted LIBOR rate plus 1.50% to 2.25% based on the Debt Ratio. Loans under the Credit Facility may be prepaid and reborrowed at any time and are due in full on August 12, 2002. Through March 31, 2001, funds borrowed on the facility by RIH amount to \$79 million.

## NOTE 13 - RELATED PARTY TRANSACTIONS

RIH recorded the following income and expenses from SINA and its other subsidiaries:

(In Thousands of Dollars)	2001	2000
Interest and amortization of discounts on notes payable to SINA(net of capitalized interest)	\$ 4,520	\$ 4,518
Interest expense - affiliates	4,520	4,518
Management fees	-	1,859
	-	1,859
Amortization of debt issuance costs	140	127
Property rentals to SINA	-	81
Billboard rentals to affiliate	-	13
Other charges from affiliates	-	94
Total related party transactions	\$ 4,660	\$ 4,739

SINA charges RIH the parent services fee of three percent of gross revenues for administrative and other services. During the first quarter of 2001, this fee was not charged to RIH from SINA.

## NOTE 14 - NONOPERATING INCOME, NET

Nonoperating income, for the three months ended March 31, consisted of interest income of \$387,000 and \$382,000 for the year 2001 and 2000, respectively.

## NOTE 15 - COMMITMENTS AND CONTINGENCIES

### Litigation

RIH is a defendant in certain litigation. In the opinion of management, based upon advice of counsel, the aggregate liability, if any, arising from such litigation will not have a material adverse effect on the accompanying financial statements.

STATE OF NEW JERSEY :  
 : SS.  
COUNTY OF ATLANTIC :

CCC-249